

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03

NSC-05 PA-01 PRS-01 SS-15 AGRE-00 /083 W

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R 030715Z DEC 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3506

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E.O. 11652: N/A

TAGS: ECON, ELAB, RP

SUBJECT: PRESIDENT MARCOS ACKNOWLEDGES UNEMPLOYMENT PROBLEM

1. IN SPEECH READ BY NEDA DIRECTOR GENERAL GIRARDO SICAT FOR HIM BEFORE THE PERSONNEL MANAGEMENT ASSOCIATION ON DECEMBER 2, PRESIDENT MARCOS SAID THAT "THE ECONOMY NEEDS TO GENERATE ANNUALLY MORE THAN 500,000 NEW JOBS IF UNEMPLOYMENT IS GOING TO BE MEANINGFULLY REDUCED." THE POOL OF UNDER EMPLOYED, THE PRESIDENT STATED, IS 16.2 PERCENT OF THE TOTAL LABOR FORCE. OFFICIALLY THE UNEMPLOYMENT RATE IS 3.6 PERCENT ACHIEVED IN 1975.

2. THE PRESIDENT SAID THAT ANNUALLY ABOUT 800,000 FINISH THEIR FORMAL EDUCATION TO JOIN THE EMPLOYMENT STREAM. THIS NUMBER WILL GROW THROUGH THE 1970'S, AND BY 1980 IT WILL REACH THE ONE MILLION MARK. AT PRESENT ANNUAL WITHDRAWALS FROM THE LABOR FORCE NUMBER 300,000 WHICH RESULTS IN A NET REQUIREMENT FOR 500,000 NEW JOBS.

3. "WE ARE SEEKING NOT MERELY GROWTH BUT NATIONAL DEVELOPMENT WHICH IS A MORE AMBITIOUS END AS IT IMPLIES AN INTIRE CONCEPTION OF WHAT CONSTITUTES WELFARE FOR THE COUNTRY  
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AS A WHOLE, NOT JUST FROM A PART OF ALLOCATIVE EFFICIENCY

BUT ALSO FROM AN ANGLE OF DISTRIBUTIVE JUSTICE AND STABILITY OF INCOME AND EMPLOYMENT," PRESIDENT MARCOS ADDED.

4. THE MARCOS SPEECH WAS PRECEDED BY (AND NO DOUBT DREW FROM) AN ARTICLE IN THE PUBLICATION EUROMONEY, REPRINTED IN THE LOCAL PRESS ON NOVEMBER 18, BY FINANCE SECRETARY VIRATA. IN IT, VIRATA PROJECTS A NEED FOR 500,000 NEW JOBS BY 1980, AND 600,000 BY 1985, AND STATES THAT HIGHER INVESTMENT LEVELS WILL BE NEEDED FROM BOTH PRIVATE AND PUBLIC SECTORS. (FROM AN INVESTMENT RATE OF 20 PERCENT OF GNP DURING 1970-74 TO ABOUT 25 PERCENT). HE CHARACTERIZED IMPORT CAPACITY AS A "CRITICAL BOTTLENECK," BECAUSE OF EXPORT LIMITATIONS, BUT FORESEES A SIGNIFICANT EASING OF THIS CONSTRAINT IN THE NEAR FUTURE.

COMMENT. THE DIFFERENCE IN EMPHASIS BETWEEN THE VIRATA ARTICLE AND THE MARCOS SPEECH IS INSTRUCTIVE. AS BEFITS A CONCERNED, FORWARD-LOOKING TECHNOCRAT, VIRATA ADDRESSES THE PROBLEM OF MERELY KEEPING EVEN WITH NEW ENTRANTS 5 AND 10 YEARS HENCE. MARCOS SPEAKS OF REDUCING UNEMPLOYMENT, A MUCH MORE IMMEDIATE AND POLITICAL PROBLEM. IN EITHER CASE, THE INDICATED REMEDY IS INVESTMENT, PUBLIC AND PRIVATE. WHETHER INSPIRED BY CURRENT RUMBLINGS IN THE SUGAR, HOTEL, AND CONSTRUCTION INDUSTRIES OR NOT, THIS FRANK ACKNOWLEDGMENT OF THE PROBLEM COMES AS A REFRESHING BREEZE OF REALISM IN AN OTHERWISE WINDY CLIMATE OF THIRD-WORLD RHETORIC. END COMMENT.  
SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** UNEMPLOYMENT, POLICIES, SPEECHES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MANILA18795  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760448-0308  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Line Count:** 92  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** izenbei0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 JUN 2004 by buchant0>; APPROVED <30 SEP 2004 by izenbei0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PRESIDENT MARCOS ACKNOWLEDGES UNEMPLOYMENT PROBLEM  
**TAGS:** ECON, ELAB, RP, (MARCOS, FERDINAND)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006